

S
658.1526
L72SLT
1985

PLEASE RETURN

State of Montana
Office of the Legislative Auditor

SPECIAL PURPOSE AUDIT
REPORT ON STATE LONG-TERM FINANCIAL
OBLIGATIONS

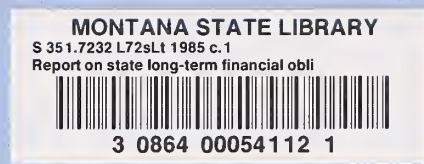
This report contains information concerning the state's long-term financial obligations, including:

Principal and interest to be paid on bonded debt by maturity	\$1,824,000,000
Long-term commitments for Highway and Building Projects	139,000,000
Leases/Rental Payments	19,287,000
Compensated Leave Liability	<u>38,500,000</u>
Total of the above long-term financial obligations	<u><u>\$2,020,787,000</u></u>

STATE DOCUMENTS COLLECTION

JUL - 8 1986

MONTANA STATE LIBRARY
1515 E. 6th AVE.
HELENA, MONTANA 59620



SPECIAL PURPOSE AUDIT

Special purpose audits are performed by the Office of the Legislative Auditor to address issues of concern or interest to Montana legislators.

This report contains information relating to the state's long-term obligations, especially its bonded debt. The report is intended to be a resource document for legislators and other decision-makers regarding the state's long-term obligations.

MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE:

Senator Judy Jacobson, Chairman	Representative John Cobb,
Senator Dave Fuller	Vice Chairman
Senator Pat Goodover	Representative Dorothy Bradley
Senator Tom Keating	Representative Roland Kennerly
	Representative Bruce Simon

State of Montana
Office of the Legislative Auditor
REPORT ON STATE LONG-TERM FINANCIAL OBLIGATIONS
AT JUNE 30, 1985

Audit staff involved in this audit include:

Mary Bryson, Lois Cearley, John Fine, Sharon McCabe,
Lorry Parriman, and Fritz Roos.

85-37

Direct comments/inquiries to:
Office of the Legislative Auditor
Room 135, State Capitol
Helena, Montana 59620

7/2/85
8/1/85
50

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

December 1985

The Legislative Audit Committee
of the Montana State Legislature:

This is our special purpose audit report on State Long-Term Financial Obligations. The object of this report is to present an overview of the historic, current and future obligations for the state of Montana bonded debt and disclosure of the state's other long-term financial obligations. This report is provided as a tool for use by the legislature in its decision making process.

We thank the staff of the various agencies which have bonded debt for their cooperation and assistance throughout the audit.

Respectively submitted,

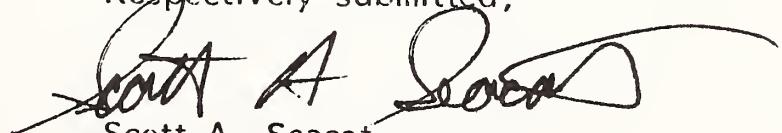

Scott A. Seacat
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Special Purpose Audit	
Introduction	1
Bonded Debt Information	3
Prior Audit Recommendations	5
Schedules of State Long-Term Financial Obligations	
Definitions of Abbreviations	
Schedule of Bonds Authorized, Issued and Outstanding at June 30, 1985	7
Bond Repayment Schedule for Fiscal Years 1986 through 1990, Inclusive	8
Bond Repayment Schedule for Fiscal Years 1986 through 2025	9
Historical Schedule of Bonds Authorized, Issued, and Outstanding (Since 1972)	10
Bond Issues Subsequent to June 30, 1985 and Through December 31, 1985	15
Schedule of Other Long-Term Commitments at June 30, 1985	16
Appendix A - Glossary	19



Digitized by the Internet Archive
in 2016

<https://archive.org/details/reportonstatelon1985mont>

INTRODUCTION

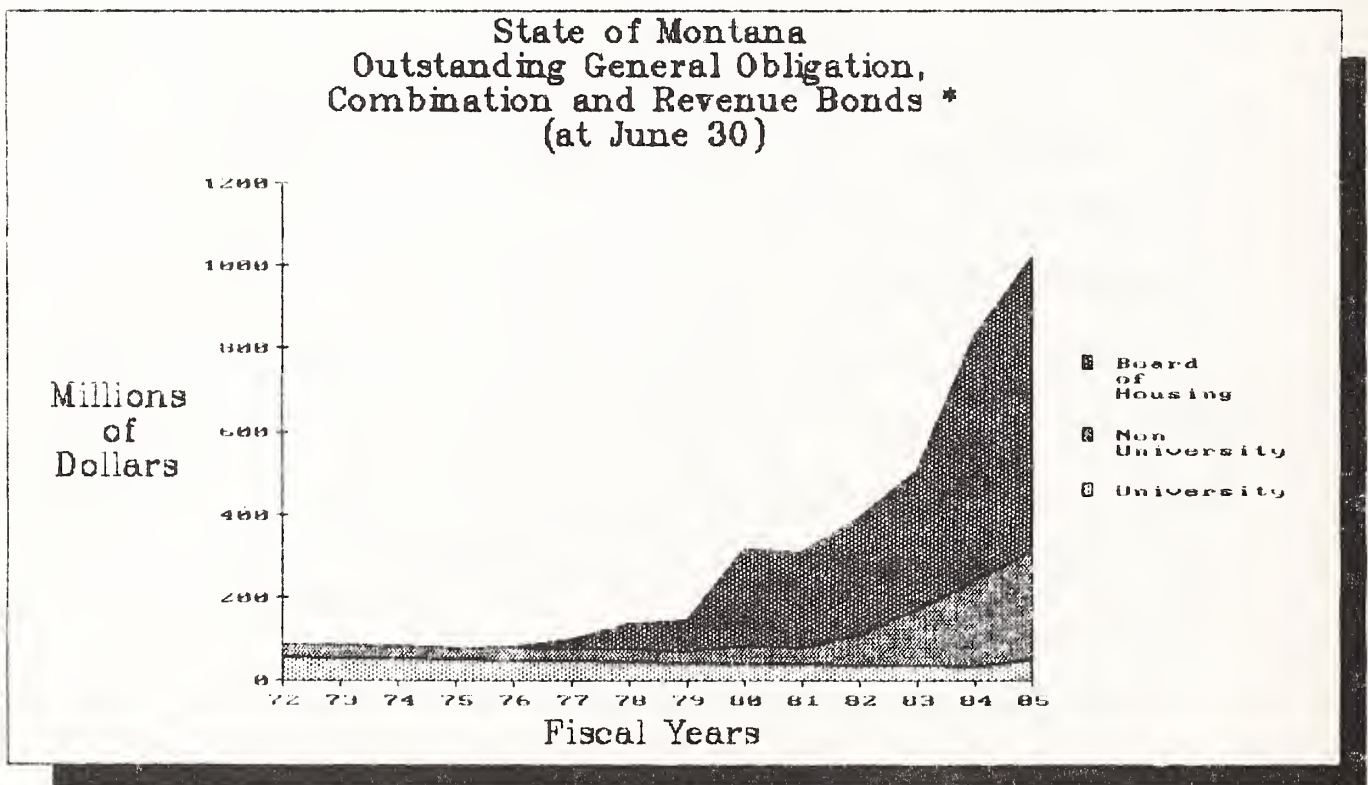
As of June 30, 1985, the total outstanding bonded debt of the various state agencies and universities was over \$1.02 billion. This is our second report on long-term obligations and updates the report dated November 1984. The object of this report is to present an overview of the historic, current, and future obligations for the bonded debt of the State of Montana to be used as a tool by the legislature in its decision making process. Also contained in this report is disclosure of the state's long-term obligations which relate to leases, long-term contracts, compensated leave, and outstanding loans (see Schedule 6, page 16). State commitments for contracts relating to projects for state highway and building construction total \$139,182,654.

Since June 30, 1985, \$448,743,268 of additional bonded debt has been issued (see Schedule 5, page 15). These subsequent issues refunded \$106,710,000 of the debt outstanding at June 30, 1985. The difference of \$342,033,268 should be considered by the reader in addition to the \$1,022,223,449 on Schedule 1.

The 1889 Constitution stated the only way the State could incur debt of over \$100,000 was by vote of the majority of the electors. The 1972 Constitution now requires that two-thirds vote of each house or a vote of the majority of electors is necessary to incur State debt with no dollar limitations. In addition to the aforementioned constitutional authority, the Board of Regents has the authority to issue revenue bonds to be financed by income producing facilities such as dormitories.

Illustration 1 is provided to show the change in bonded debt since the adoption of the 1972 Constitution. This graph summarizes the information contained in Schedule 4, pages 10 through 14.

Illustration 1



* Schedule 1 on page 7 discloses the bonds outstanding by type at June 30, 1985.

Board of Housing bonds are all revenue bonds. Non-University bonds consist of general obligation (G.O.), combination, and revenue bonds. University bonds consist of combination and revenue bonds.

Source: Prepared by the Office of the Legislative Auditor

BONDED DEBT INFORMATION

Bonding is a method of credit financing over a specified period of time. Bonds may be sold (issued) to meet immediate cash needs. The issued bonds are then repaid with interest. We included as Appendix A a glossary of terms relating to bonded debt for reference purposes (page 19).

Schedule 1, found on page 7, classifies the bonds authorized, issued, and outstanding by type and by agency. The types of bonds are:

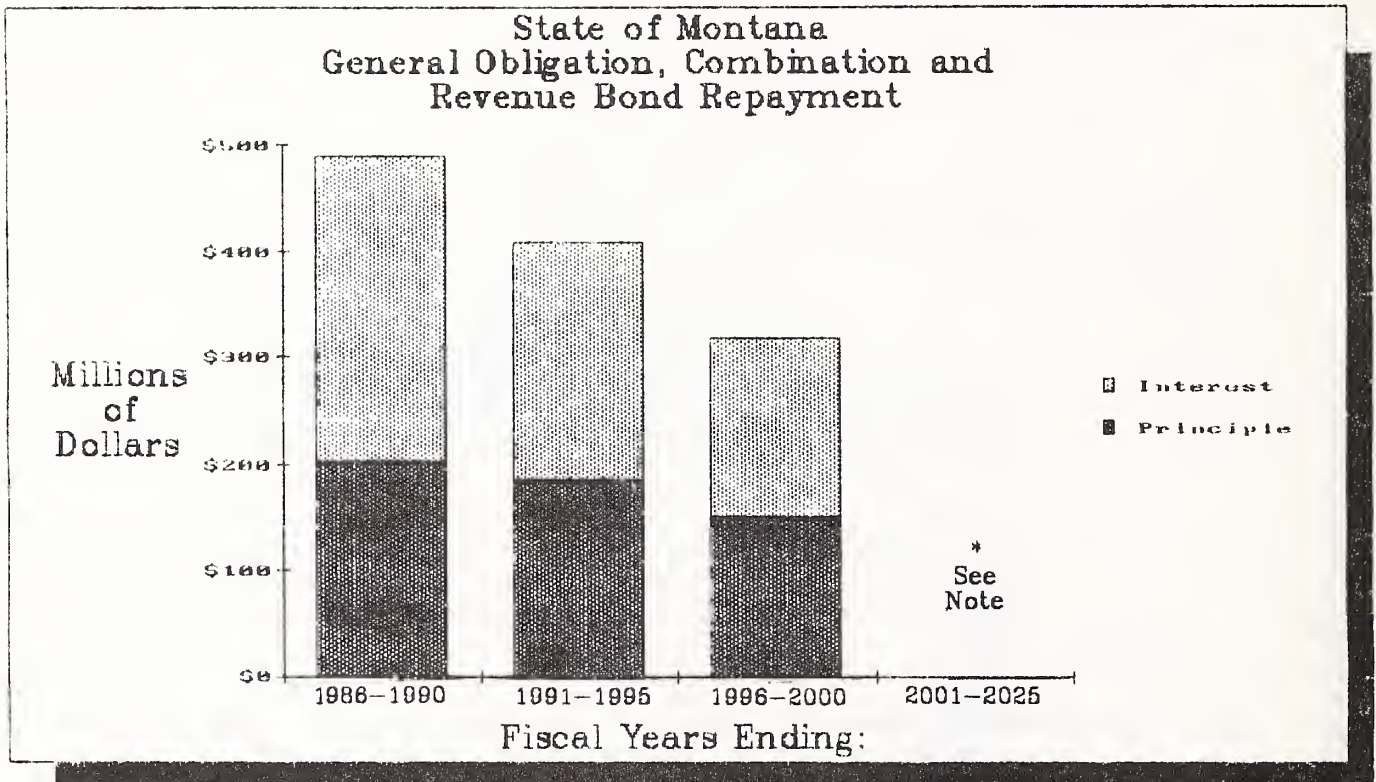
1. General Obligation Bonds - Bonds which are supported by a pledge of the full-faith and credit and taxing power of the State.
2. Combination Bonds - Bonds which are payable by a government enterprise but which are also backed by the full-faith and credit and taxing power of the State.
3. Revenue Bonds - Bonds which are payable exclusively from revenue generated from the project being financed or other revenue sources specifically earmarked for the debt retirement.

The schedule references the bond authority to specific title, chapter, and section of the law authorizing it.

Following the Schedule of Bonds Authorized, Issued, and Outstanding at June 30, 1985, are schedules of bond interest and principal payments for: (A) fiscal years 1986, 1987, 1988, 1989, and 1990 (Schedule 2, page 8); and (B) five year increments until the fiscal year ending 2000, then the remaining payments until the entire principal has been paid (Schedule 3, page 9). These schedules are presented in order to show the future revenue required to meet present bond obligations for all types of bonds.

Illustration II summarizes the information presented on Schedule 3 detailed by principal and interest.

Illustration II

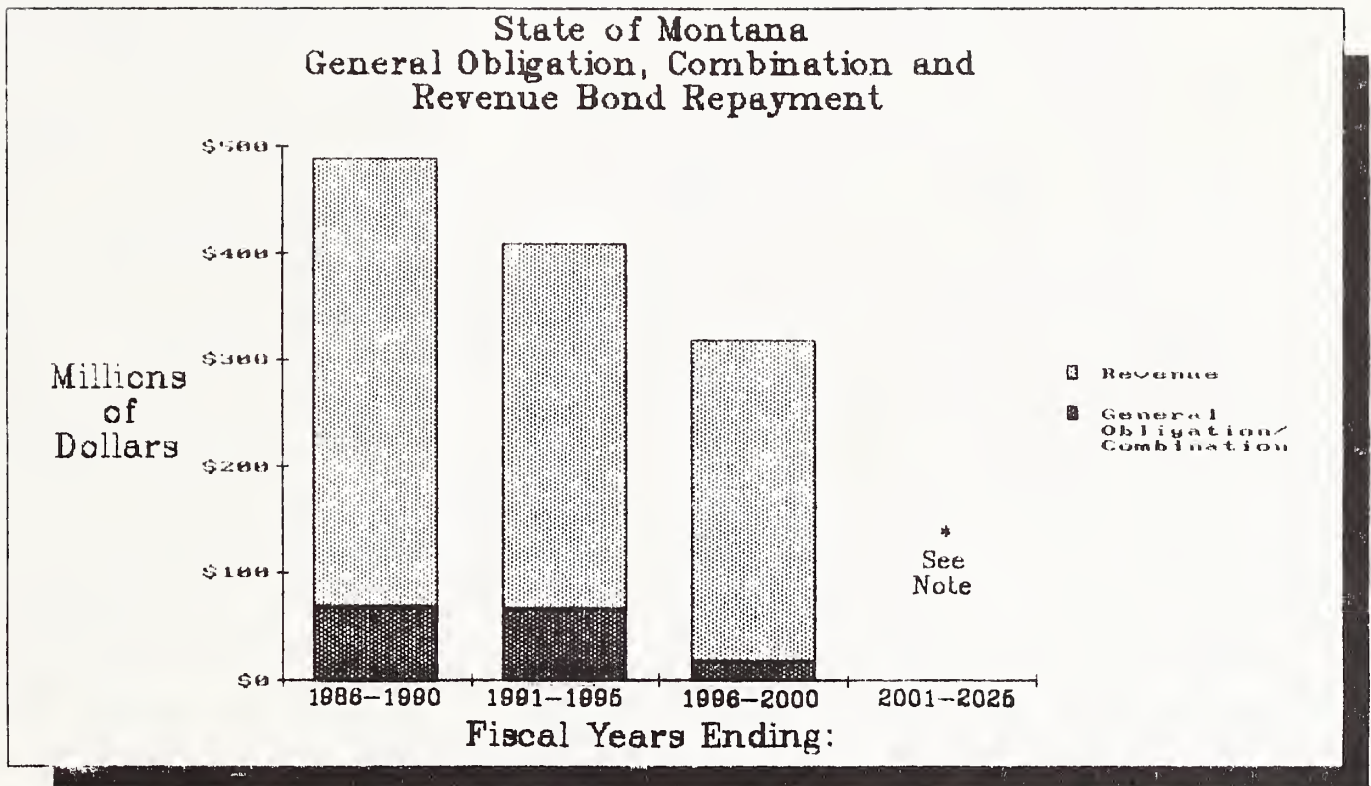


* Note: Total amount remaining for:
Interest \$128,707,000
Principal \$475,188,000

Source: Prepared by the Office of the Legislative Auditor

Illustration III discloses the bond repayment information from Schedule 3 by type of bond (General Obligation, Combination, and Revenue).

Illustration III



* Note: Total amount remaining:
Revenue \$598,178,000
GO/Combination \$ 7,717,000

Source: Prepared by the Office of the Legislative Auditor

PRIOR AUDIT RECOMMENDATIONS

While performing the audit work for our report on long-term financial obligations of the State of Montana, we reviewed the status of prior audit recommendations. Our last report contained three recommendations. One recommendation dealt with indenture compliance and was implemented. A second recommendation addressed a constitutional issue concerning the Board of Regents' authority to refund bonds at an interest rate higher than allowed by law.

This recommendation has not been acted upon and will be addressed in the regularly scheduled financial-compliance audit of the Board of Regents.

The final recommendation was to establish a central file for bond information. We commend the Department of Administration (DofA) and the Board of Regents for their efforts in centralizing bond information. Audit staff observed copies of resolutions, indentures, official statements, arbitrage certificates, and other documentation for the Board of Regents 1985 issuances at DofA.

SCHEDULES OF STATE LONG-TERM FINANCIAL OBLIGATIONS

DEFINITIONS OF ABBREVIATIONS

BOH	Board of Housing
BAN	Bond Anticipation Notes
DofA	Department of Administration
DNRC	Department of Natural Resources and Conservation
EMC	Eastern Montana College
ESD	Unemployment Insurance Division of the Department of Labor and Industry
FMHA	Farm Home Administration
GO	General Obligation
LRBP	Long-Range Building Program
MCA	Montana Codes Annotated
MSU	Montana State University
MCMST	Montana Tech - Montana College of Mineral Sciences and Technology
NMC	Northern Montana College
PERS	Public Employees' Retirement System
SUB	Student Union Building
UofM	University of Montana
WMC	Western Montana College

STATE OF MONTANA - BONDED DEBT
SCHEDULE OF BONDS AUTHORIZED, ISSUED, AND OUTSTANDING AT JUNE 30, 1985

Schedule 1

<u>MCA</u>		<u>MCA Authorized Limits</u>	<u>Indentures Authorized</u>	<u>Issued</u>	<u>June 30, 1985 Outstanding</u>	<u>Type</u>
90-6-111	Department of Commerce Board of Housing	\$ 975,000,000*	\$552,505,000	\$ 552,505,000 ¹	\$ 500,045,000	Revenue
17-5-1506	Capital Appreciation Bonds		13,095,519	208,175,000	208,175,000	Revenue
17-5-1606	Economic Development Bond	75,000,000*	3,650,000	3,650,000	3,650,000	Revenue
60-11-1103	Municipal Finance Consolidation	25,000,000*				
60-11-1203	Railroad Rehabilitation	25,000,000*				
90-7-302	Rolling Stock	75,000,000*				
	Health Facilities Authority	50,000,000* ⁴	41,500,000	41,500,000	41,500,000	Revenue
17-9-913	Department of Highways					
BAN	1983 Series ⁵ Revenue	150,000,000	150,000,000	64,000,000	64,000,000	Revenue
	1983 Series			39,075,000	39,075,000	
17-5-604	Department of Labor and Industry					
17-5-614	PERS #1	1,055,928	891,000	891,000	117,939	Revenue
	PERS #2	499,000	499,000	499,000	111,032	Revenue
85-1-301	Department of Natural Resources and Conservation					
	Water Projects	534,600	534,600	534,600	431,678	Revenue
17-5-301	Department of Administration					
17-5-414	1983 Series A Refunding		58,160,000	58,160,000		
85-1-617	1983 Series B LRBP	39,334,695 ³	39,330,000	39,330,000		
	1983 Series C Water Development	5,000,000	1,300,000	1,300,000		
	Total 1983 Series				93,630,000	GO
85-1-617	1984 Series A Water Development		900,000	900,000	900,000	GO
17-5-503	1976 Highway	7,400,000	7,400,000	7,400,000	5,045,000	Combined
17-5-706	Water Development Coal Tax ⁵	250,000,000* ^{2 3}	10,485,000	10,485,000	10,485,000	Revenue
90-2-127	Renewable Resources	5,000,000*				Combined
80-12-301	Agricultural Loan Authority	40,000,000*	193,800	193,800	193,800	Revenue
20-25-402	University of Montana					
20-25-402	1984 Building Fee		3,745,000	3,745,000	3,620,000	Revenue
20-25-402	1984 Auxiliary Enterprise Facilities		4,980,000	4,980,000	4,980,000	Revenue
20-25-402	Montana State University					
20-25-402	1984 PE/Refunding		9,260,000	9,260,000	9,260,000	Revenue
20-25-402	1984 Series B		9,920,000	9,920,000	9,920,000	Revenue
20-25-402	1984 Revenue Series A		9,000,000	9,000,000	8,850,000	Revenue
20-25-402	Northern Montana College					
	Series A B C D F G H ⁵ - 1972 Revenue		3,547,000	3,547,000	2,625,000	Revenue
20-25-402	Eastern Montana College					
	1984		7,380,000	7,380,000	7,380,000	Revenue
20-25-402	Montana College of Mineral Science & Technology					
	1984		7,145,000	7,145,000	7,145,000	Revenue
20-25-402	Western Montana College					
	1966 Series A B C D		1,676,000	1,676,000	721,000	Revenue
20-25-402	1967 Series A B		636,000	636,000	363,000	Revenue
	GRAND TOTAL	<u>\$1,723,824,223</u>	<u>\$937,732,919</u>	<u>\$1,085,887,400</u>	<u>\$1,022,223,449</u>	

*The Legislature has established upper limits on the amount of bonds that may be authorized and issued at any point in time. Each individual issue must be authorized by the approving authority defined in the law.

¹ Difference between authorized and issued is \$195,079,481 of Capital Appreciation Bonds. The face value of the Capital Appreciation Bonds is \$208,175,000. The bonds were issued at a discount and the difference of \$195,079,481 represents the discount in lieu of future interest payments on the bonds.

² Out of the \$250,000,000 limit, \$152,042,163 has been authorized by the Legislature to be issued.

³ Even though there is a limit set, each project has to be approved by two-thirds vote of the Legislature.

⁴ A limit of \$150,000,000 is set for each biennium starting July 1, 1985.

⁵ Bonds have been issued subsequent to June 30, 1985 - see Schedule 5 for details.

Source: Prepared by the Office of the Legislative Auditor

STATE OF MONTANA BONDED DEBT
BOND REPAYMENT SCHEDULE FOR FISCAL YEARS 1986 THROUGH 1990, INCLUSIVE

Schedule 2

	1986			1987			1988			1989			1990		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Board of Housing															
Single Family I	\$ 2,500,000	\$ 3,141,456	\$ 5,641,456	\$ 2,490,000	\$ 3,026,831	\$ 5,516,831	\$ 2,555,000	\$ 2,910,321	\$ 5,465,321	\$ 2,490,000	\$ 2,788,361	\$ 5,278,361	\$ 2,270,000	\$ 2,667,121	\$ 4,937,121
Single Family II	11,010,000	38,363,082	49,373,082	11,700,000	37,642,204	49,342,204	12,140,000	36,864,604	49,004,604	12,690,000	36,028,962	48,718,962	13,080,000	35,126,152	48,206,152
Multi-Family	120,000	1,103,771	1,223,771	100,000	1,098,634	1,198,634	105,000	1,092,523	1,197,523	115,000	1,086,101	1,201,101	120,000	1,079,059	1,199,059
Department of Highways 1983 Revenue		4,898,063	4,898,063	11,075,000	4,524,281	15,599,281	11,825,000	3,721,844	15,546,844	12,680,000	2,801,837	15,481,837	13,665,000	1,763,887	15,428,887
Bond Anticipation Notes 1983	39,075,000		39,075,000												
Department of Labor and Industry															
ESD (PERS #1)	52,097	8,883	60,980	56,009	4,715	60,724	2,926	234	3,160						
(PERS #2)	50,565	9,435	60,000	54,610	5,390	60,000	12,764	1,021	13,785						
Department of Natural Resources															
Water Conservation Revenue Bonds	11,705	16,609	28,314	12,170	16,144	28,314	12,653	15,661	28,314	13,156	15,158	28,314	13,679	14,635	28,314
CST Water Development Series 84 "A"	190,000	1,004,260	1,194,260	205,000	990,467	1,195,467	220,000	974,948	1,194,948	235,000	957,760	1,192,760	255,000	938,512	1,193,512
Department of Administration															
Refunding 83 "A"	625,000	5,153,108	5,778,108	700,000	5,093,483	5,793,483	650,000	5,032,733	5,682,733	700,000	4,971,983	5,671,983	750,000	4,906,733	5,656,733
LR8P 83 "B"	4,480,000	2,344,948	6,824,948	4,935,000	2,052,628	6,987,628	5,315,000	1,716,655	7,031,655	5,735,000	1,340,745	7,075,745	6,180,000	889,508	7,069,508
Water Development 83 "C"	160,000	75,745	235,745	170,000	65,505	235,505	185,000	53,868	238,868	200,000	40,770	240,770	210,000	25,260	235,260
Water Development 84 "A"		78,363	78,363		78,363	78,363		78,363	78,363	50,000	76,144	126,144	50,000	71,625	121,625
Highway 1976	340,000	247,945	587,945	360,000	232,645	592,645	380,000	216,085	596,085	405,000	197,845	602,845	425,000	178,000	603,000
University of Montana															
1984 Building Eee	120,000	363,388	483,388	130,000	354,988	484,988	145,000	345,238	490,238	155,000	333,638	488,638	165,000	325,231	490,231
1984 Auxiliary Enterprise Facilities	75,000	496,761	571,761	80,000	491,136	571,136	90,000	484,936	574,936	100,000	477,736	577,736	100,000	469,536	569,536
Northern Montana College															
Series A 8 C D E F G H	84,000	78,222	162,222	90,000	75,594	165,594	93,000	72,830	165,830	96,000	70,009	166,009	97,000	67,095	164,095
Eastern Montana College															
1984 A	150,000	716,675	866,675	160,000	705,125	865,125	170,000	692,537	862,537	185,000	678,550	863,550	200,000	662,950	862,950
Montana State University															
1984 Series A	170,000	833,963	1,003,963	180,000	822,575	1,002,575	195,000	809,432	1,004,432	210,000	794,488	1,004,488	225,000	777,895	1,002,895
1984 Series B	40,000	1,008,163	1,048,163	40,000	1,005,513	1,045,513	45,000	1,002,531	1,047,531	45,000	999,156	1,044,156	50,000	995,412	1,045,412
1984 Refunding	95,000	907,116	1,002,116	100,000	900,654	1,000,654	105,000	893,604	998,604	115,000	885,616	1,000,616	125,000	876,304	1,001,304
Montana College of Mineral															
Science and Technology															
1984 A	75,000	705,269	780,269	80,000	700,131	780,131	85,000	694,350	779,350	95,000	687,588	782,588	100,000	679,906	779,906
Western Montana College															
1966 Series A 8 C D	58,000	21,586	79,586	35,000	20,170	55,170	35,000	19,070	54,070	35,000	17,970	52,970	35,000	16,870	51,870
1967 Series A 8	22,000	14,149	36,149	23,000	13,260	36,260	23,000	12,345	35,345	25,000	11,389	36,389	25,000	10,391	35,391
Health Facilities Authority										100,000	*	100,000	100,000	*	100,000
Economic Development Board	20,000	368,443	388,443	70,000	367,043	437,043	75,000	361,793	436,793	90,000	355,793	445,793	100,000	348,233	448,233
Agricultural Loan Authority	8,918	*	8,918	9,739	*	9,739	10,636	*	10,636	11,614	*	11,614	12,683	*	12,683
GRAND TOTAL	<u>\$59,532,285</u>	<u>\$61,959,403</u>	<u>\$121,491,688</u>	<u>\$32,855,528</u>	<u>\$60,287,479</u>	<u>\$93,143,007</u>	<u>\$34,474,979</u>	<u>\$58,067,526</u>	<u>\$92,542,505</u>	<u>\$36,575,770</u>	<u>\$55,617,599</u>	<u>\$92,193,369</u>	<u>\$38,353,362</u>	<u>\$52,890,315</u>	<u>\$91,243,677</u>

*These bonds have variable interest rates that cannot be projected at the present time.

¹These totals will change as the interest rate on the variable rate bonds are determined.

Source: Prepared by the Office of the Legislative Auditor

STATE OF MONTANA - BONDED DEBT
BOND REPAYMENT SCHEDULE FOR FISCAL YEARS 1986 THROUGH 2025

Schedule 3

	1986 - 1990			1991 - 1995			1996 - 2000			2001 - 2025			Grand Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Board of Housing															
Single Family I	\$ 12,305,000	\$ 14,534,090	\$ 26,839,090	\$ 11,135,000	\$ 11,633,613	\$ 22,768,613	\$ 12,130,000	\$ 17,350,718	\$ 29,480,718	\$ 20,840,000	\$ 7,132,005	\$ 27,972,005	\$ 56,410,000	\$ 50,650,426	\$ 107,060,426
Single Family II	60,620,000	184,025,004	244,645,004	78,340,000	159,077,662	237,417,662	106,015,000	119,969,139	225,984,139	183,560,000 ²	84,691,921	268,251,921 ²	428,535,000 ²	547,763,726	976,298,726
Capital Appreciation Bond (CA8)										198,086,599 ²		198,086,599 ²	198,086,599 ²		198,086,599 ²
Multi-Family	560,000	5,460,088	6,020,088	705,000	5,276,069	5,981,069	1,000,000	5,013,245	6,013,245	12,835,000	14,263,199	27,098,199	15,100,000	30,012,601	45,112,601
Department of Highways 1983 Revenue	49,245,000	17,709,912	66,954,912	14,755,000	608,644	15,363,644							64,000,000	18,318,556	82,318,556
Bond Anticipation Notes	39,075,000		39,075,000										39,075,000		39,075,000
Department of Labor and Industry															
ESD (PERS #1)	117,939	15,846	133,785										117,939	15,846	133,785
(PERS #2)	111,032	13,832	124,864										111,032	13,832	124,864
Department of Natural Resources															
Water Conservation Revenue Bonds	63,363	78,207	141,570	66,388	65,041	131,429	72,228	52,477	124,705	229,699	49,407	279,106	431,678	245,132	676,810
CST Water Development Series 84 "A"	1,105,000	4,865,947	5,970,947	1,635,000	4,314,165	5,949,165	2,540,000	3,352,253	5,892,253	5,205,000	1,750,956	6,955,956	10,485,000	14,283,321	24,768,321
Department of Administration															
Refunding 83 "A"	3,425,000	25,158,040	28,583,040	34,790,000	18,412,938	53,202,938	13,985,000	3,563,180	17,548,180	5,110,000	2,606,941	7,716,941	57,310,000	49,741,099	107,051,099
LRBP 83 "B"	26,645,000	8,344,484	34,989,484	8,525,000	548,639	9,073,639							35,170,000	8,893,123	44,063,123
Water Development 83 "C"	925,000	261,148	1,186,148	225,000	8,325	233,325							1,150,000	269,473	1,419,473
Water Development 84 "A"	100,000	382,858	482,858	650,000	223,888	873,888	150,000	6,675	156,675				900,000	613,421	1,513,421
Highway 1976	1,910,000	1,072,520	2,982,520	2,535,000	544,500	3,079,500	600,000	30,000	630,000				5,045,000	1,647,020	6,692,020
University of Montana															
1984 Building Fee	715,000	1,722,483	2,437,483	1,110,000	1,336,588	2,446,588	1,795,000	625,313	2,420,313				3,620,000	3,684,384	7,304,384
1984 Auxiliary Enterprise Facilities	445,000	2,420,105	2,865,105	680,000	2,195,481	2,875,481	1,080,000	1,797,469	2,877,469	2,775,000	1,263,675	4,038,675	4,980,000	7,676,730	12,656,730
Northern Montana College															
Series A 8 C D E F G H	460,000	363,750	823,750	537,000	288,153	825,153	563,000	203,588	766,588	1,065,000	315,481	1,380,481	2,625,000	1,170,972	3,795,972
Eastern Montana College															
1984 A	865,000	3,455,837	4,320,837	1,315,000	3,008,338	4,323,338	2,105,000	2,215,575	4,320,575	3,095,000	794,588	3,889,588	7,380,000	9,474,338	16,854,338
Montana State University															
1984 Series A	980,000	4,038,353	5,018,353	1,460,000	3,560,938	5,020,938	2,290,000	2,668,000	4,958,000	4,120,000	1,689,000	5,809,000	8,850,000	11,956,291	20,806,291
1984 Series 8	220,000	5,010,775	5,230,775	330,000	4,901,476	5,231,476	585,000	4,704,872	5,289,872	8,785,000	5,907,847	14,692,847	9,920,000	20,524,970	30,444,970
1984 Refunding	540,000	4,463,294	5,003,294	805,000	4,198,024	5,003,024	1,270,000	3,728,159	4,998,159	6,645,000	4,356,587	11,001,587	9,260,000	16,746,064	26,006,064
Montana College of Mineral															
Science and Technology															
1984 A	435,000	3,467,244	3,902,244	655,000	3,248,584	3,903,584	1,035,000	2,867,113	3,902,113	5,020,000	3,204,262	8,224,262	7,145,000	12,787,203	19,932,203
Western Montana College															
1966 Series A B C O	198,000	95,666	293,666	180,000	67,675	247,675	176,000	39,145	215,145	167,000	16,225	183,225	721,000	218,711	939,711
1967 Series A 8	118,000	61,534	179,534	145,000	35,288	180,288	100,000	6,169	106,169				363,000	102,991	465,991
Health Facilities 1984 Series A				23,500,000	*	23,500,000 ¹							23,500,000	*	23,500,000 ¹
1985	200,000	*	200,000 ¹	500,000	*	500,000 ¹	1,200,000	*	1,200,000 ¹	16,100,000	*	16,100,000 ¹	18,000,000	*	18,000,000
Economic Development Board	355,000	1,801,305	2,156,305	640,000	1,591,033	2,231,033	1,140,000	1,204,133	2,344,133	1,515,000	665,190	2,180,190	3,650,000	5,261,661	8,911,661
Agricultural Loan Authority	53,590	*	53,590 ¹	83,234	*	83,234 ¹	22,599	*	22,599 ¹	34,377	*	34,377 ¹	193,800	*	193,800 ¹
GRAND TOTAL	\$201,791,924	\$288,822,322	\$490,614,246 ¹	\$185,301,622	\$225,145,062	\$410,446,684 ¹	\$149,853,827	\$169,397,223	\$319,251,050 ¹	\$475,187,675	\$128,707,284	\$603,894,959 ¹	\$1,012,135,048	\$812,071,891	\$1,824,206,939 ¹

*These bonds have variable interest rates that cannot be projected at the present time.

¹These totals will change as the interest on the variable rate bonds are determined.

²The CAB, if held to maturity, would be \$208,175,000; however, the official statement requires mandatory early retirement of some of these bonds.

Source: Prepared by the Office of the Legislative Auditor

STATE OF MONTANA - BONDED DEBT
HISTORICAL SCHEDULE OF BONDS AUTHORIZED,
ISSUED, AND OUTSTANDING (SINCE 1972)

Schedule 4

	1985			1984			1983		
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding
BOH - Single Family I	\$ 975,000,000		\$ 56,410,000						
- Single Family II		\$ 75,002,290	428,535,000		\$ 252,020,000	\$ 58,960,000		\$ 85,000,000	\$ 61,415,000
- Multi-Family			15,100,000			511,925,000			262,330,000
- Capital Appreciation			208,175,000			15,160,000			15,245,000
Economic Development Bond		3,650,000	3,650,000						
Municipal Finance Consoli-							\$ 75,000,000		
dation									
Railroad Rehabilitation							25,000,000		
Rolling Stock									
Highways - 1983			64,000,000						
Bond Anticipation Notes			39,075,000				150,000,000	64,000,000	64,000,000
Labor - ESD (PERS #1)			117,939	39,075,000		39,075,000			
(PERS #2)			111,032			159,271			239,250
DNRC						164,759			208,110
Various FMHA Bonds			431,678						
DofA	8,550,000					444,941			455,773
Refunding 1983 "A"			57,310,000				39,334,695		
LRBP 1983 "B"			35,170,000		58,160,000	58,160,000			
Water Projects 1983 "C"	10,000,000		1,150,000		39,330,000	39,330,000			
1984 Series A Water Dev.		900,000	900,000		1,300,000	1,300,000			
MCMST (6) 1978									
Highways 1976			5,045,000			2,060,000			2,100,000
LRBP - Series - I 1965						5,370,000			5,675,000
- II 1967									4,145,000
- IIA 1969									6,515,000
- III 1970									
- IV 1970									
- V 1970									
Water Development Coal Tax		10,485,000	10,485,000						
Renewable Resources									
Health Facilities	150,000,000	41,500,000	41,500,000						
Agricultural Loan Authority	40,000,000	193,800	193,800				50,000,000		
Series 1980							200,000,000		
Series 1981									18,485,000
Total Non-University	<u>1,183,550,000</u>	<u>131,731,090</u>	<u>967,359,449</u>	<u>-0-</u>	<u>389,885,000</u>	<u>796,108,971</u>	<u>539,334,695</u>	<u>149,000,000</u>	<u>31,680,000</u>
UofM - 1956									472,493,133
- 1963						10,779,000			11,229,000
- 1971									3,100,000
- 1959									
- 1953 "A"									
- 1956 "B"									54,000
- 1955 "A"									
- 1984 Building Fee			3,620,000	\$ 3,745,000	3,745,000	3,745,000			
- 1984 Auxiliary									
Enterprise Facilities	4,980,000	4,980,000	4,980,000						
MSU - 1954									
- 1956							1,350,000	1,350,000	12,061,000
- 1963									
- 1971						2,715,000			2,925,000
- 1984 PE Refunding	9,260,000	9,260,000	9,260,000	9,000,000	9,000,000	1,445,000			1,495,000
- 1984 Series B	9,920,000	9,920,000	9,920,000			9,000,000			
- 1984 Series A			8,850,000						
MCMST - Butte - 1958									
- 1970						102,000			109,000
- 1984	7,145,000	7,145,000	7,145,000			950,000			980,000
WMC - 1966									
- Series A & B 1967			721,000			786,000			841,000
EMC - Apsaruke			363,000			372,000			393,000
- Cisel						142,000			152,000
- EMCE									
- Petro						175,000			258,000
- 1984	7,380,000	7,380,000	7,380,000			2,991,000			3,101,000
NMC - 1972 (Series A-4)			2,625,000						
- 1970 B						2,666,500			2,790,000
Total University	<u>38,685,000</u>	<u>38,685,000</u>	<u>54,864,000</u>	<u>12,745,000</u>	<u>12,745,000</u>	<u>35,868,500</u>	<u>1,350,000</u>	<u>1,350,000</u>	<u>39,488,000</u>
Grand Total University	<u>\$1,222,235,000</u>	<u>\$170,416,090</u>	<u>\$1,022,223,449</u>	<u>\$12,745,000</u>	<u>\$402,630,000</u>	<u>\$831,977,471</u>	<u>\$540,684,695</u>	<u>\$150,350,000</u>	<u>\$511,981,133</u>
and Non-University									

Source: Prepared by the Office of the Legislative Auditor

STATE OF MONTANA - BONDED DEBT
HISTORICAL SCHEDULE OF BONDS AUTHORIZED,
ISSUED, AND OUTSTANDING (SINCE 1972) - (Continued)

	1982			1981			1980		
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding
BOH - Single Family I			\$ 63,955,000	\$675,000,000		\$ 66,345,000			\$ 68,280,000
- Single Family II		\$55,000,000	202,395,000			149,120,000	\$150,000,000		150,000,000
- Multi-Family		1,945,000	15,330,000			13,470,000	8,660,000		13,525,000
- Capital Appreciation									
Economic Development Bond									
Municipal Finance Consoli-									
dation									
Railroad Rehabilitation									
Rolling Stock									
Highways - 1983									
Bond Anticipation Notes									
Labor - ESD (PERS #1)			329,185			412,458			489,563
(PERS #2)			248,250			285,417			319,830
DNRC									
Various FMHA Bonds			464,188			483,855			493,134
DofA				31,550,505					
Refunding 1983 "A"									
LRBP 1983 "B"									
Water Projects 1983 "C"				5,000,000					
1984 Series A Water Dev.									
MCMST (6) 1978			2,140,000			2,175,000			2,210,000
Highways 1976			5,965,000			6,240,000			6,500,000
LRBP - Series - I 1965			4,435,000			4,715,000			4,985,000
- II 1967			6,845,000			7,160,000			7,460,000
- IIA 1969									
- III 1970									
- IV 1970									
- V 1970									985,000
Water Development Coal Tax				250,000,000					
Renewable Resources									
Health Facilities									
Agricultural Loan Authority									
Series 1980			18,715,000			18,930,000	\$19,130,000	19,130,000	19,130,000
Series 1981	36,550,000	36,550,000	34,115,000						
Total Non-University	36,550,000	93,495,000	354,936,623	961,550,505	-0-	269,336,730	19,130,000	177,790,000	274,377,527
UofM - 1956			11,636,000			12,016,000			12,416,000
- 1963			1,040,000			1,150,000			1,205,000
- 1971			2,230,000			2,285,000			2,335,000
- 1959			72,000			90,000			108,000
- 1953 "A"			26,000			71,000			111,000
- 1956 "B"			6,000			18,000			25,000
- 1955 "A"									
- 1984 Building Fees									
- 1984 Auxiliary									
Enterprise Facilities									
MSU - 1954			11,818,000			12,362,000			12,885,000
- 1956									
- 1963			3,675,000			3,845,000			3,865,000
- 1971			1,545,000			1,590,000			1,635,000
- 1984 PE Refunding									
- 1984 Series B									
- 1984 Series A									
MCMST - Butte - 1958			116,000			122,000			128,000
- 1970			1,005,000			1,030,000			1,055,000
- 1984									
WMC - 1966			896,000			951,000			1,001,000
- Series A & B 1967			413,000			432,000			451,000
EMC - Apsaruke			161,000			170,000			179,000
- Cisel									
- EMCE			338,000			415,000			490,000
- Petro			3,211,000			3,316,000			3,416,000
- 1984									
NMC - 1972 (Series A-4)			2,870,000			2,946,000			3,021,000
- 1970 B									
Total University	-0-	-0-	41,058,000	-0-	-0-	42,809,000	-0-	-0-	44,326,000
Grand Total University									
and Non-University	\$36,550,000	\$93,495,000	\$395,994,623	\$961,550,505	\$-0-	\$312,145,730	\$19,130,000	\$177,790,000	\$318,703,527

STATE OF MONTANA - BONDED DEBT
HISTORICAL SCHEDULE OF BONDS AUTHORIZED,
ISSUED, AND OUTSTANDING (SINCE 1972) - (Continued)

	1979			1978			1977		
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding
BOH - Single Family I	\$375,000,000	\$13,600,000	\$ 69,645,000		\$35,060,000	\$56,530,000		\$21,470,000	\$ 21,470,000
- Single Family II									
- Multi-Family			4,865,000		4,865,000	4,865,000			
- Capital Appreciation									
Economic Development Bond									
Municipal Finance Consoli-									
dation									
Railroad Rehabilitation	25,000,000								
Rolling Stock	75,000,000								
Highways - 1983									
Bond Anticipation Notes									
Labor - ESD (PERS #1)			560,957			627,062			688,270
(PERS #2)			351,695			381,199			408,517
DNRC									
Various FMHA Bonds			502,061		84,600	510,652			432,358
DofA	12,000,000						\$2,255,000		
Refunding 1983 "A"									
LRBP 1983 "B"									
Water Projects 1983 "C"									
1984 Series A Water Dev.									
MCMST (6) 1978			2,245,000		2,275,000	2,275,000			
Highways 1976			6,745,000			6,975,000			7,195,000
LRBP - Series - I 1965			5,245,000			5,495,000			5,735,000
- II 1967			7,745,000			8,015,000			8,275,000
- IIA 1969									
- III 1970									
- IV 1970			1,570,000			3,060,000			4,475,000
- V 1970			1,675,000			2,330,000			2,950,000
Water Development Coal Tax									
Renewable Resources									
Health Facilities									
Agricultural Loan Authority									
Series 1980									
Series 1981									
Total Non-University	<u>487,000,000</u>	<u>13,600,000</u>	<u>101,149,713</u>	<u>-0-</u>	<u>42,284,600</u>	<u>91,063,913</u>	<u>2,255,000</u>	<u>21,470,000</u>	<u>51,629,145</u>
UofM - 1956			12,801,000			13,171,000			13,526,000
- 1963			1,300,000			1,390,000			1,480,000
- 1971			2,380,000			2,430,000			2,475,000
- 1959			126,000			143,000			156,000
- 1953 "A"			172,000			176,000			216,000
- 1956 "B"			36,000			46,000			56,000
- 1955 "A"						2,000			2,000
- 1984 Building Fees									
- 1984 Auxiliary									
Enterprise Facilities									
MSU - 1954			13,805,000			14,280,000			15,364,000
- 1956			101,000			101,000			161,000
- 1963			3,885,000			4,035,000			4,180,000
- 1971			1,675,000			1,715,000	1,875,000		1,750,000
- 1984 PE Refunding									
- 1984 Series B									
- 1984 Series A									
MCMST - Butte - 1958			134,000			140,000	182,000		146,000
- 1970			1,075,000			1,095,000			1,114,000
- 1984									
WMC - 1966			1,051,000			1,101,000			1,141,000
- Series A & B 1967			469,000			486,000	636,000		503,000
EMC - Apsaruke			188,000			196,000			204,000
- Cisel									
- EMCE			562,000			630,000			695,000
- Petro			3,516,000			3,611,000			3,701,000
- 1984									
NMC - 1972 (Series A-4)			3,096,000			3,169,000			3,257,000
- 1970 B									
Total University	<u>-0-</u>	<u>-0-</u>	<u>46,372,000</u>	<u>-0-</u>	<u>-0-</u>	<u>47,917,000</u>	<u>2,693,000</u>	<u>-0-</u>	<u>50,127,000</u>
Grand Total University	<u>\$487,000,000</u>	<u>\$13,600,000</u>	<u>\$147,521,713</u>	<u>\$-0-</u>	<u>\$42,284,600</u>	<u>\$138,980,913</u>	<u>\$4,948,000</u>	<u>\$21,470,000</u>	<u>\$101,756,145</u>
and Non-University									

STATE OF MONTANA - BONDED DEBT
HISTORICAL SCHEDULE OF BONDS AUTHORIZED,
ISSUED, AND OUTSTANDING (SINCE 1972) - (Continued)

	1976			1975			1974		
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding
BOH - Single Family I				\$75,000,000					
- Single Family II									
- Multi-Family									
- Capital Appreciation									
Economic Development Bond									
Municipal Finance Consoli-									
dation									
Railroad Rehabilitation									
Rolling Stock									
Highways - 1983									
Bond Anticipation Notes									
Labor - ESD (PERS #1)			\$ 744,944			\$ 797,421			\$ 846,010
(PERS #2)			433,812			457,234			478,920
DNRC									
Various FMHA Bonds			438,449			444,326	\$450,000		450,000
DofA									
Refunding 1983 "A"									
LRBP 1983 "B"									
Water Projects 1983 "C"									
1984 Series A Water Dev.									
MCMST (6) 1978									
Highways 1976	\$7,400,000	\$7,400,000	7,400,000						
LRBP - Series - I 1965			5,965,000			6,185,000			6,395,000
- II 1967			8,520,000			8,755,000			8,980,000
- IIA 1969									
- III 1970						415,000			1,620,000
- IV 1970			5,820,000			6,675,000			6,675,000
- V 1970			3,540,000			4,100,000			4,630,000
Water Development Coal Tax									
Renewable Resources				5,000,000					
Health Facilities									
Agricultural Loan Authority									
Series 1980									
Series 1981									
Total Non-University	<u>7,400,000</u>	<u>7,400,000</u>	<u>32,862,205</u>	<u>80,000,000</u>	<u>-0-</u>	<u>27,828,981</u>	<u>-0-</u>	<u>450,000</u>	<u>30,074,930</u>
UofM - 1956			13,756,000			14,201,000			14,621,000
- 1963			1,570,000			1,655,000			1,800,000
- 1971			2,515,000			2,550,000			2,580,000
- 1959			169,000			182,000			195,000
- 1953 "A"			251,000			286,000			321,000
- 1956 "B"			65,000			74,000			83,000
- 1955 "A"			2,000			2,000			2,000
- 1984 Building Fees									
- 1984 Auxiliary									
Enterprise Facilities									
MSU - 1954			15,923,000			16,860,000			17,264,000
- 1956			568,000			653,000			703,000
- 1963			4,448,000			4,613,000			5,043,000
- 1971			1,785,000			1,820,000			1,850,000
- 1984 PE Refunding									
- 1984 Series B									
- 1984 Series A									
MCMST - Butte - 1958			152,000			157,000			162,000
- 1970			1,130,000			1,145,000			1,160,000
- 1984									
WMC - 1966			1,191,000			1,231,000			1,271,000
- Series A & B 1967			519,000			535,000			550,000
EMC - Apsaruke			212,000			220,000			228,000
- Cisel									18,000
- EMCE			757,000			817,000			875,000
- Petro			3,791,000			3,876,000			3,956,000
- 1984									
NMC - 1972 (Series A-4)			3,342,000			3,406,000			3,448,000
- 1970 B									
Total University	<u>-0-</u>	<u>-0-</u>	<u>52,146,000</u>	<u>-0-</u>	<u>-0-</u>	<u>54,283,000</u>	<u>-0-</u>	<u>-0-</u>	<u>56,130,000</u>
Grand Total University									
and Non-University	<u>\$7,400,000</u>	<u>\$7,400,000</u>	<u>\$85,008,205</u>	<u>\$80,000,000</u>	<u>\$-0-</u>	<u>\$82,111,981</u>	<u>\$-0-</u>	<u>\$450,000</u>	<u>\$86,204,930</u>

STATE OF MONTANA - BONDED DEBT
HISTORICAL SCHEDULE OF BONDS AUTHORIZED,
ISSUED, AND OUTSTANDING (SINCE 1972) - (Continued)

	1973			1972		
	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
BOH - Single Family I						
- Single Family II						
- Multi-Family						
- Capital Appreciation						
Economic Development Bond						
Municipal Finance Consoli-						
dation						
Railroad Rehabilitation						
Rolling Stock						
Highways - 1983						
Bond Anticipation Notes						
Labor - ESD (PERS #1)	\$ 891,000	\$ 891,000	\$ 891,000			
(PERS #2)	499,000	499,000	499,000			
DNRC						
Various FMHA Bonds						
DofA	2,500,000			\$ 5,500,000		
Refunding 1983 "A"						
LRBP 1983 "B"						
Water Projects 1983 "C"						
1984 Series A Water Dev.						
MCMST (6) 1978						
Highways 1976						
LRBP - Series - I 1965			6,600,000	**		\$6,795,000
- II 1967			9,190,000	**		9,390,000
- IIA 1969				**		
- III 1970			2,765,000	**		3,790,000
- IV 1970			6,675,000	**		6,675,000
- V 1970			5,130,000	**		5,605,000
Water Development Coal Tax						
Renewable Resources						
Health Facilities						
Agricultural Loan Authority						
Series 1980						
Series 1981						
Total Non-University	<u>3,890,000</u>	<u>1,390,000</u>	<u>31,750,000</u>	<u>5,500,000</u>	<u>-0-</u>	<u>32,255,000</u>
UofM - 1956			14,926,000	17,399,000		15,271,000
- 1963			1,905,000	2,468,000		1,980,000
- 1971			2,610,000	2,640,000		2,640,000
- 1959			208,000	310,000		221,000
- 1953 "A"			343,000	800,000		421,000
- 1956 "B"			93,000	200,000		99,000
- 1955 "A"			2,000	425,000		2,000
- 1984 Building Fees						
- 1984 Auxiliary						
Enterprise Facilities						
MSU - 1954		2,000,000	17,659,000	21,548,000		16,720,000
- 1956			753,000	1,600,000		798,000
- 1963			5,168,000	6,078,000		5,443,000
- 1971			1,875,000	1,875,000		1,875,000
- 1984 PE Refunding						
- 1984 Series B						
- 1984 Series A						
MCMST - Butte - 1958			167,000	182,000		172,000
- 1970			1,175,000	1,200,000		1,190,000
- 1984						
WMC - 1966			1,311,000	1,676,000		1,351,000
- Series A & B 1967			564,000	636,000		578,000
EMC - Apsaruke			235,000	330,000		242,000
- Cisel			35,000	300,000		52,000
- EMCE			930,000	1,270,000		983,000
- Petro			4,036,000	4,501,000		4,116,000
- 1984						
NMC - 1972 (Series A-4)			3,489,000	3,547,000	\$3,547,000	3,547,000
- 1970 B						
Total University	<u>-0-</u>	<u>2,000,000</u>	<u>57,484,000</u>	<u>68,985,000</u>	<u>3,547,000</u>	<u>57,701,000</u>
Grand Total University						
and Non-University	<u>\$3,890,000</u>	<u>\$3,390,000</u>	<u>\$89,234,000</u>	<u>\$74,485,000</u>	<u>\$3,547,000</u>	<u>\$89,956,000</u>

** Information related to the authorized amounts for the LRBP series 1965-1970 is not readily available.

LONG TERM DEBT
BOND ISSUES SUBSEQUENT TO JUNE 30, 1985
AND THROUGH DECEMBER 31, 1985

	<u>Issued</u>	<u>1986 - 1990</u>			<u>1991 - 2007</u>			<u>Grand Total</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
Economic Development Board Cash Anticipation Financing Program Bonds	\$ 18,575,000	\$18,575,000	\$ 1,106,760	\$ 19,681,760				\$ 19,681,760
Industrial Development Revenue Bonds	4,925,000	490,000	2,003,456	2,493,456	\$ 4,435,000	\$ 4,512,983	\$ 8,947,983	11,441,439
Series 1985 GO Bonds	10,650,000	5,175,000	7,885,982	13,060,982	5,475,000	6,852,594	12,327,594	25,388,576
DNRC Coal Severance Tax Water Development Bonds	16,865,000	1,605,000	6,898,674	8,503,674	15,260,000	14,220,572	29,480,572	37,984,246
Board of Housing 1985 A	39,999,625	4,370,000	13,463,916	17,833,916	54,826,113	47,608,371	102,434,484	120,268,400
Board of Regents MSU, UofM, EMC, Equipment	9,090,000	3,930,000	2,661,987	6,591,987	5,160,000	737,465	5,897,465	12,489,452
Montana State University ²	29,110,000		12,713,591	12,713,591	29,110,000	43,872,074	72,982,074	85,695,665
Department of Highway BAN ¹	43,675,000	43,675,000	5,753,886	49,428,886				49,428,886
TOTAL		<u>\$77,820,000</u>	<u>\$52,488,252</u>	<u>\$130,308,252</u>	<u>\$114,266,113</u>	<u>\$117,804,059</u>	<u>\$232,070,172</u>	<u>\$362,378,424</u>
EMC Refunding ³	\$ 7,330,000*							
EMC Revenue	3,300,000*							
MSU (Museum of the Rockies)	6,530,000*							
UofM ⁴	11,093,643*							
Board of Housing 1985 B	75,000,000*							
Board of Housing 1985 B1, B2	85,000,000*							
G O Water Development	1,000,000*							
DNRC Coal Severance Tax								
Water Development Bonds	11,500,000*							
Economic Development Board	8,200,000*							
Health Facilities Authority ⁵	<u>66,900,000*</u>							
Total Subsequent Issued	<u>\$448,743,268</u>							

* These bonds were also issued subsequent to June 30, 1985. However repayment schedules and exact amount of issuance were not yet available.

¹ These BANS will pay off the 1983 BANS total of \$39,075,000

² Refunded 1984 PE/Refunded, 1984 series B, 1984 series A total of \$28,030,000

³ Refunded 1984 total of \$7,380,000

⁴ Refunded 1984 Building Fee, 1984 Auxiliary Enterprise Facility total of \$8,725,000

⁵ Refund 1985 total of \$23,500,000

This results in a total increase to the June 30, 1985 outstanding of \$342,033,268.

Source: Prepared by the Office of the Legislative Auditor

SCHEDULE OF OTHER LONG-TERM COMMITMENTSAT JUNE 30, 1985CONTRACTS

The state has major long-term commitments for unperformed contracts. As of June 30, 1985, material commitments were related to projects for state highway and building construction in the following amounts:

Department of Highways Contracts	\$112,715,000
Department of Administration	
Architecture and Engineering Division Contracts	\$ 26,467,654

COMPENSATED ABSENCES

Upon retirement or termination, state employees are paid 100 percent of unused vacation leave and 25 percent of unused sick leave. As of June 30, 1985, the state's liability for unused vacation and sick leave for employees was:

University and Vocational Technical Centers	\$12.2 million
All Other State Agencies	<u>26.3 million</u>
Total	<u>\$38.5 million</u>

This liability is calculated based on all state employees terminating or retiring on June 30, 1985. The amount represents both the current and long-term portion of the liability associated with compensated absences.

LEASES/RENTAL PAYMENTS

The State has entered into various capital and operating leases for land, buildings, and equipment. Lease contracts are required by law to contain a clause indicating continuation of the lease is subject to funding by the Legislature. It is expected that in the normal course of operations most of these leases will be replaced by similar leases.

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u> <u>(In \$000s)</u>
1986	\$ 2,127
1987	2,025
1988	2,511
1989	1,767
1990	1,717
After 1990	<u>6,795</u>
Total minimum lease payments	<u>16,942</u>
Less interest	<u>(5,214)</u>
Present value of minimum lease payments	<u>\$11,728</u>

Future rental payments under operating leases are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u> <u>(In \$000s)</u>
1986	\$2,034
1987	1,931
1988	1,232
1989	669
1990	347
After 1990	<u>1,346</u>
Total future rental payments	<u>\$7,559</u>

LOANS

The Department of Labor and Industry had an outstanding loan payable to the Federal Unemployment Trust Fund in the U.S. Treasury at June 30, 1985. The loan was issued during fiscal years 1982-83 and 1983-84 to pay unemployment benefits. It became payable within three years of the issue date. The amount outstanding at June 30, 1985 was \$17,441,557. The Department of Labor and Industry made payment in full of \$17,441,557 in September 1985.

APPENDIX A - GLOSSARY

Bond. A written promise to pay a specified sum of money, called the face value (par value) or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

Bond Anticipation Notes (BANS). Short-term interest-bearing notes issued by a government in anticipation of bonds to be issued at a later date. The notes are retired from the proceeds of the bond issue to which they are related.

Capital Appreciation Bonds. A bond issued at a discount which is payable at face value in a lump sum at the maturity date. The difference between the proceeds from the issuance and the face value represents the discount in lieu of future interest payments on the bonds.

Combination Bond. A bond issued by a government which is payable from the revenues of a governmental enterprise but which is also backed by the full faith and credit of the government.

Debt Service Fund. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Formerly called a Sinking Fund.

Debt Service Fund Requirements. The amounts of revenue which must be provided for a Debt Service Fund so that all principal and interest payments can be made in full on schedule.

Debt Service Reserve Fund. A fund created from the proceeds of a bond issue and/or the excess of applicable revenues to provide a ready reserve to meet current debt service payments should moneys not be available from current revenues. The amount of such debt service reserve fund is frequently established at the average annual debt service level; however, in some cases, it may be at the highest annual debt service amount or, in others, at twice the annual interest costs.

Defease. To discharge the lien of an ordinance, resolution, or indenture relating to a bond issue and, in the process, rendering inoperative restrictions under which the issuer has been obliged to operate. Ordinarily an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient fully to pay all amounts under a bond contract as they become due.

Full-faith-and-credit debt. Two definitions presented.

*A pledge of the general taxing power for the payment of debt obligations. Bonds carrying such pledges are referred to as general obligation bonds or full faith and credit bonds.

**All long-term obligations for which the credit of the government, implying power of taxation, is unconditionally pledged. This category is further subclassified under two headings as follows:

- (a) General obligations. Full-faith-and-credit debt other than that payable initially from nontax revenue (but including debt payable in the first instance from particularly earmarked taxes).
- (b) Debt payable initially from specified nontax revenue. Long-term debt amounts payable in the first instance from some specific source of nontax revenue.

Indenture. The formal agreement between a group of bondholders, acting through a trustee, and the issuer as to the terms and security for the debt. Ordinarily, it involves the placement of a lien upon either the income, property, or both, being acquired from expenditure of the proceeds of the bond issue.

Industrial Revenue Bonds. Bonds issued by governments, the proceeds of which are used to construct facilities for a private business enterprise. Lease payments made by the business enterprise to the government are used to service the bonds. Such bonds may be in the form of general obligation bonds, combination bonds, or revenue bonds.

Long-term Debt. Debt with a maturity of more than one year after the date of issuance.

Refunding Bonds. Bonds issued to retire bonds already outstanding. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds.

Revenue Bonds. Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the Enterprise Fund's property. The term revenue bonds is currently used in the municipal bond market to comprehend almost all bonds other than general obligation bonds.

